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Response to the Harper Competition Policy review Panel report released 22nd September 2014

I have been involved with Independent grocery retailing for over 30 years in Toowoomba, in the capacity of shop assistant, Manager 10 years +, and as an owner over 18 years.

During this time I have witnessed many other retailers pushed out, (myself included), denied lease renewals, and driven out by what I only see as predatory pricing. I have attended court to give evidence on the probable detrimental outcome of 7 day trade in our township, only to see its implementation and unfortunately proving only too late its devastating effects on my own, and other businesses in our area. I personally lost 30% of turnover and staff, destroying family lives by increasing our workload as no longer can small retailers afford a weekend together yet alone a holiday.

I also have witnessed the growth of chain stores far outstripping the growth of the town, cannibalising their own stores turnover to take the little extra of the independent operators at any cost.

The benefit of small retailers goes far beyond the pricing inside our stores, be it schooling to work experience children, servicing of vehicles, plant, equipment, transport, use of local independent fuel outlets (another domination) to the many elderly people we help service because they "just can't understand or keep up with the 'online' systems" or need the little extra assistance that deemed not worth it by the big stores

What next, the duopoly already has control of groceries, fuel, hardware, liquor, department stores (target, big w, k mart, dick smith electronics etc.) Trying for insurance, banking, optometrists, gaming, pharmacy, WE MUST CAP THIS NOW.

I ask, at what will the dominance of the chains bring? Competition is a good thing, but total annihilation can't be. Queensland has laws preventing the sale of liquor in grocery stores, but through sheer wealth and size the chains have laughed at your laws by buying hotels, liquor licences and moving their bottle shops right next door to their supermarkets, a power and process out of reach for most if not all independent retailers

There is no mention of a Supermarket and Liquor store Code of Conduct in the Harper Competition Policy Review report. To protect competition and the consumer and to assist the ACCC, it is vital that anticompetitive behaviours can be dealt with through a mandatory enforceable code.

We support the Harper Review recommendation to introduce an “effects test”..... The ‘effects test’ will protect competition and long term consumer choice, by deterring big businesses from crowding out and destroying small businesses, by misusing their market power, that substantially lessens competition. However, we would like the original wording in S 46 to remain unchanged so that anti-competitive behaviors, irrespective of whether they substantially lessen competition in the market or not, are clearly captured. Anti-competitive behaviors can include predatory pricing, predatory capacity and anti-competitive price discrimination and must be prohibited.

We acknowledge the Harper Competition Policy Review Panel’s findings that state planning and zoning legislation and processes lack effective economic objectives and proper consideration for competition. However, we disagree with the principle that more floor space & more entrants in a market equals more competition, this is simply not sustainable. Businesses (Coles, Woolworths, Costco, Aldi), with the deepest pockets (unlimited resources), will crowd out family owned businesses, who have limited resources, thus reducing consumer choice and lessening competition. There must be state planning and zoning controls put in place to protect competition and consumers.

At present, it is completely cost prohibitive for an independent supermarket or liquor store owner to bring an action in the Federal Court seeking relief from anticompetitive behaviours without the threat of having to pay the other party’s costs, in the event that the application is unsuccessful.

Many independent supermarkets and liquor store owners have genuine claims to misuses of market power, but the costs of litigation are far too high, resulting in a reluctance to lodge potentially successful claims. Therefore there should be “no cost orders”.

Thank you for the opportunity to make a response. The future prosperity of all Australian small businesses and families concerns, including my own, is very much dependent upon the strong recommendations for Competition Law reform, as recommended by the Harper Competition Policy Review Panel and the will of our politicians to recognise that Australia is not just about Big Businesses – it’s about a balance between large and small businesses all competing on a level playing field.

Yours Sincerely

John Wilson
Owner